



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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In the Matter of the Joint Application of TAG Mobile, LLC)
(U-4411-C), TAG Mobile Bankruptcy Sale Entity, LLC,)
and Vector Holdings Group LLC For Review of the) Application _____
Reorganization of TAG Mobile, LLC's Regulated Assets)
into TAG Mobile Bankruptcy Sale Entity, LLC and the)
Transfer of Control of TAG Mobile Bankruptcy)
Sale Entity, LLC to Vector Holdings Group LLC)

**JOINT APPLICATION FOR REVIEW OF THE REORGANIZATION OF TAG
MOBILE, LLC'S REGULATED ASSETS INTO TAG MOBILE BANKRUPTCY SALE
ENTITY, LLC AND THE TRANSFER OF CONTROL OF TAG MOBILE
BANKRUPTCY SALE ENTITY, LLC TO VECTOR HOLDINGS GROUP LLC**

[PUBLIC VERSION — EXHIBIT B REDACTED]

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I. Introduction

Pursuant to Commission Decision No. (“D.”) 95-10-032 and Article 2 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure (“Rules”), TAG Mobile, LLC (“TAG Mobile”), TAG Mobile Bankruptcy Sale Entity, LLC (“New TAG Mobile”) (collectively referred to as the “TAG Mobile Entities”), and Vector Holdings Group LLC (“Vector”) (together with the TAG Mobile Entities, the “Joint Applicants”), respectfully submit this Joint Application for Commission review of a proposed transaction involving the reorganization of TAG Mobile’s regulated assets into New TAG Mobile and the transfer of control of New TAG Mobile to Vector (the “Transaction”). TAG Mobile operates in California as a provider of commercial mobile radio services (“CMRS”) and has been designated by the Commission as an Eligible Telecommunications Carrier (“ETC”) to provide federal Lifeline and California LifeLine wireless services throughout the state of California.

In D.95-10-032, the Commission exempted wireless transactions from pre-approval under Public Utilities (“PU”) Code 854 as to the transfer of ownership of a CMRS provider.¹ In OP 3 of

¹ D.95-10-032, at Conclusion of Law 15, Ordering Paragraphs (“OP”) 1, 3.

D. 95-10-032, the Commission required instead that such carriers provide at least 30 days' advance notice to the head of the Commission Advisory & Compliance Division for a proposed change in their ownership. If the Commission or staff does not notify the carrier within a 30-day period that further information is needed or that a formal application is required for the transaction, the CMRS provider does not need any Commission preapproval to consummate the transaction.² Nevertheless, in order to promote transparency, to obtain expedited review of the Transaction due to the timing of the bankruptcy processes described herein, and, critically, to ensure the seamless continuity of services to current Lifeline customers of TAG Mobile, Joint Applicants have opted to supplement the notification process and file this Application with the Commission.

In this Application, Joint Applicants present the parties to the Transaction, describe the TAG Mobile bankruptcy history including the successful Vector bid for the regulated assets of TAG Mobile, outline the steps proposed to implement the Transaction and underscore the timing constraints arising from the bankruptcy process so that the Commission has a clear understanding of both the Transaction and the expedited timeframe that is necessary for its successful implementation.

Finally, Vector presents its qualifications to the Commission to acquire the Lifeline assets, and certain non-Lifeline assets, of TAG Mobile through the bankruptcy process.³ The Joint Applicants propose to effectuate this purchase through Vector's acquisition of New TAG Mobile, which, post-close, will assume ownership and operation of the current TAG Mobile ETC and other wireless operations in California throughout the service area previously authorized for TAG Mobile.⁴ Vector's parent company, Quadrant Holdings Group LLC ("Quadrant"), is well-qualified in terms of technical expertise, financial capability, and management experience to guide

² D.95-10-032, OP 3.

³ The Transaction also involves Vector's acquisition of certain unregulated TAG Mobile assets.

⁴ The Transaction contemplates that through its acquisition of New TAG Mobile, Vector also will acquire a limited number (approximately 100) of TAG Mobile non-Lifeline wireless customers who will receive service pursuant to plans that include as much or more voice and data as they do today from TAG Mobile. For clarity and in recognition of the Commission's particular interest and investment in the Lifeline program, however, the Joint Application primarily focuses upon the implications of the Transaction for TAG Mobile's Lifeline customer base and the continuity of its ETC operations.

New TAG Mobile’s post-close Lifeline and other wireless operations in California. Indeed, with the leadership and support of Vector and Quadrant, New TAG Mobile will be positioned to offer Lifeline-eligible California consumers a selection of superior plan options and an improved customer experience, while offering other public interest benefits responsive to the current COVID-19 emergency disproportionately impacting low-income Californians. Specifically, through the post-close operations of New TAG Mobile, Vector proposes to provide a choice of unprecedented Lifeline offers for low-income California consumers,, allowing subscribers to choose from among three offers

(1) an **“Unlimited Smartphone Plan”** which includes unlimited voice, unlimited text, unlimited picture messaging and unlimited smartphone data, as well as a free smartphone;⁵

(2) a **“Homework Gap Plan”** which includes unlimited minutes of voice, unlimited text, unlimited picture messaging and 10 GB data for use with a tablet or hotspot, and a free tablet or hotspot;⁶ or

(3) an **“Unbundled Voice Plan”** which includes unlimited voice, unlimited text and unlimited picture messaging, as well as a free smartphone.

Moreover, recognizing that meaningful access to broadband requires access to Internet-capable devices, **Vector proposes to donate 1,000 urgently-needed Internet-enabled tablets to the California Department of Education (CDE) for distribution by California School Districts to students who lack Internet-enabled devices for distance learning.** Joint Applicants refer to the CDE – CPUC Distance Learning program, begun once the COVID-19 emergency made clear that distance learning would be necessary for K-12 students. The CPUC’s California Teleconnect Fund is providing 50% discounts to school districts to provide Internet to students who lack Internet access.⁷ Governor Newsom and CDE are seeking donations of 70,000 Internet-enabled devices to provide to students who need a tablet or other electronic device for distance

⁵ “Smartphone data” means data utilized by the smartphone device provided or activated with the Lifeline service. Subscribers may purchase the ability to tether other devices to this plan for \$5.

⁶ The Homework Gap plan is designed for use with a tablet or hotspot, but will also come with unlimited voice and text which can be accessed by placing the device SIM into a mobile phone.

⁷ See <https://www.cpuc.ca.gov/General.aspx?id=6442464777>.

learning. Vector is answering this important call with this device donation.⁸ As described in Section VII (D), Vector also proposes additional commitments that it is prepared to undertake on behalf of itself and New TAG Mobile, to the benefit of the low-income residents of California.

As discussed below, the Bankruptcy Court’s Sale Order approving the Transaction imposes certain timing constraints. For this reason, Joint Applicants request expedited review of this Application and grant of approval by mid-March 2021.

II. Description of the Applicants

In compliance with Rule 2.1(a) of the Commission’s Rules, following is a description of the Joint Applicants:

A. TAG Mobile, LLC (“TAG Mobile”)

TAG Mobile is a limited liability company organized under the laws of the State of Texas. Its principal place of business is located at 1330 Capital Parkway, Carrollton, Texas 75006. On June 29, 2011, TAG Mobile was issued a Wireless Identification Registration (WIR) with carrier number U-4411-C, allowing it to operate as a facilities-based carrier and mobile wireless reseller of CMRS to the public in California. In 2014, TAG Mobile was designated by the Commission as an ETC to provide federally-supported wireless Lifeline service in specified areas of California, pursuant to Resolution No. T-17437.⁹ Subsequently, TAG Mobile was approved to provide service through the California LifeLine program as well and to provide both federal and California LifeLine services in the Small LEC territories.¹⁰ At this time, TAG Mobile is providing wireless Lifeline services to approximately 5,400 customers in California, including nearly 5,300 Lifeline subscribers and nearly 100 non-Lifeline subscribers.

⁸ See, e.g., <https://www.gov.ca.gov/2020/04/20/governor-newsom-announces-cross-sector-partnerships-to-support-distance-learning-and-bridge-the-digital-divide/>.

⁹ Resolution T- 17437 (May 20, 2014). TAG Mobile was designated originally to provide Lifeline services throughout California, with the exception of the small local exchange carriers (Small LECs) service areas.

¹⁰ These expansions were requested in TAG Mobile’s Advice Letter number 4, which was approved effective October 16, 2014.

TAG Mobile also provides wireless Lifeline services to customers in the following eighteen states in which it has been designated an ETC: Arizona, Arkansas, Colorado, Iowa, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Missouri, Nevada, Oklahoma, Pennsylvania, South Carolina, Texas, West Virginia and Wisconsin.¹¹ TAG Mobile is registered to provide non-Lifeline wireless services in Montana.

In connection with the proposed Transaction, TAG Mobile formed New TAG Mobile, a wholly owned subsidiary, as explained further in Section V.

B. TAG Mobile Bankruptcy Sale Entity (“New TAG Mobile”)

New TAG Mobile is a Texas limited liability company, with a business address at 509 N. Montclair Avenue, Dallas, Texas 75208. Created to receive the regulated assets of TAG Mobile at the closing of the Transaction, New TAG Mobile currently owns no assets and has no debts. At this time, TAG Mobile owns 100% of the membership interests in New TAG Mobile. Upon consummation of the proposed Transaction, New TAG Mobile will acquire all of the regulated assets of TAG Mobile, including its wireless authorizations and its designations as an ETC. Thereafter, New TAG Mobile will operate pursuant to those wireless authorizations and designations to provide Lifeline services to eligible consumers in California and elsewhere.

C. Vector Holdings Group LLC (“Vector”)

Vector is a Delaware limited liability company with its principal offices located at 200 S. Andrews Avenue, Suite 600, Fort Lauderdale, Florida 33301. Vector was selected as a holding company for the Transaction and currently has no operations. Vector is a wholly owned subsidiary of Quadrant, a U.S. Delaware LLC duly formed in 2011, which in turn is wholly owned by Issa Asad.¹²

¹¹ TAG Mobile holds Section 214 authority from the Federal Communications Commission (“FCC”). Filings for necessary approvals of the Transaction in connection with this authority are pending with the FCC.

¹² A list of entities with which New TAG Mobile will be affiliated post-close is provided in Exhibit G.

Quadrant's wholly owned subsidiary, Q Link Wireless, LLC ("Q Link"), is designated as an ETC to provide Lifeline services in 32 other states and territories. Q Link does not provide Lifeline services in California but it has been providing Lifeline services elsewhere since 2012 and is the now third largest Lifeline provider in the nation.¹³

Through Quadrant, Vector has reliable access to the considerable financial, technical and managerial resources that will be available, as needed, to support New TAG Mobile in its operations and continuing growth following consummation of the Transaction.

III. Contact Information

Pursuant to Rule 2.1(b), all correspondence and communications with respect to this Joint Application should be directed to the following contacts via email:

For TAG Mobile Entities

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¹³ Q Link is registered in California as a wireless provider with Wireless Identification Registration U-4419-C pursuant to D.94-10-031 (Oct. 12, 1994).

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IV. Certificates of Formation, Financial Statements, and Management Team Information

Pursuant to Rule 2.2 of the Commission's Rules, Certificates of Formation for the TAG Mobile Entities and Vector, documentation of TAG Mobile's registration as a foreign limited liability company in California and evidence of New TAG Mobile's filing as a foreign limited liability company with the California Secretary of State, are attached hereto as **Exhibit A**.¹⁴ Vector is not required to qualify to transact business in the State of California at this time because it is a holding company with the sole purpose of acquiring control of New TAG Mobile, and it does not have operations in the State of California.¹⁵ A good standing certificate for Vector from the Delaware Secretary of State is included in **Exhibit A**.¹⁶

Pursuant to Rule 3.6 of the Commission's rules, financial statements for each entity are attached hereto as confidential **Exhibit B**. The respective Joint Applicants maintain their financial records confidentially and do not disclose this information to the public. Moreover, Joint Applicants could be materially harmed by disclosure of this information to the public, particularly to their current and prospective competitors in the California communications market. *Therefore,*

¹⁴ The registration for New TAG Mobile has not yet been received from the California Secretary of State; however, the Parties will submit a copy of that document as soon as it becomes available.

¹⁵ See, e.g., D.17-09-030, *Decision Granting Transfer of Control to Olympus Holdings II LLC* at p. 3 ("Because it does not have operations in the State of California, Olympus is not required to qualify to transact business in the State of California.").

¹⁶ As discussed herein, TAG Mobile is in Chapter 11 bankruptcy status and is in forfeit status at the California Secretary of State, precluding submission of a good standing certificate. A good standing certificate for New TAG Mobile will be submitted as soon as its registration with the Secretary of State is completed and the documentation becomes available.

consistent with the requirements of General Order 66-D and PU Code Section 583, Joint Applicants submit an accompanying motion, pursuant to Commission Rule 11.4, to request that the contents of Exhibit B be accorded confidential treatment.

Information about the management team of Vector and, post-close, of New TAG Mobile is provided in **Exhibit C**.

V. Description of the Transaction

In October 2017, certain creditors of TAG Mobile filed an involuntary Chapter 7 bankruptcy petition. The involuntary petition was granted, the case was subsequently converted to a Chapter 11 case, and Robert Yaquinto, Jr. (the “Trustee”) was later appointed as the Chapter 11 trustee of TAG Mobile. The Trustee conducted a sale process and auction for the sale of TAG Mobile’s regulated assets (“TAG Assets”), including TAG Mobile’s customer base, its 19 state ETC designations, and associated wireless registrations. Vector was the winning bidder to purchase the TAG Assets, including those in California, subject to receipt of required regulatory approvals. The Bankruptcy Court (as defined below) approved the proposed Transaction in the Sale Order (as defined below). Implementation of the proposed Transaction will be achieved through the assignment of the TAG Assets to New TAG Mobile and the subsequent transfer of control of New TAG Mobile to Vector. Upon consummation of the Transaction, New TAG Mobile will be a wholly-owned subsidiary of Vector and will hold the operations and authorizations currently held by TAG Mobile, including its California wireless registration and ETC designation. It is the intention of Vector to operate New TAG Mobile as a federal Lifeline and California LifeLine service provider.

Summary of the bankruptcy proceedings

- On October 5, 2017, TAG Mobile’s creditors filed an involuntary petition for relief (the “Bankruptcy Case”) under Chapter 7 of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”), Case No. 17-33791-sgj-11.

- On January 30, 2018, the Bankruptcy Court entered the *Order for Relief in an Involuntary Case* [Bankruptcy Case Docket No. 50].
- On February 2, 2018, the Bankruptcy Court entered an *Order on Debtor's Emergency Motion to Convert to a Chapter 11* [Bankruptcy Case Docket No. 58], and on October 11, 2018, the Bankruptcy Court entered its *Order Approving Appointment of Chapter 11 Trustee* [Bankruptcy Case Docket No. 184].
- Pursuant to the Bankruptcy Court's Order of September 11, 2019 [Docket No. 276], granting the *Amended Motion to Permit Trustee to Create a Subsidiary and Transfer Regulated Assets to it Free and Clear* [Docket No. 259] (the "Amended Motion"), the Bankruptcy Court authorized TAG Mobile to form New TAG Mobile as a wholly owned subsidiary of TAG Mobile and to seek all regulatory approvals necessary to eventually transfer the Regulated Assets (as defined below) to New TAG Mobile.

The term "Regulated Assets" was defined as:

- (a) TAG Mobile's Lifeline customers;
- (b) all applications, billing, usage, customer support and other books and records evidencing or relating to Tag Mobile's Lifeline customers;
- (c) a Federal Communications Commission (the "FCC") ETC designation, which TAG Mobile needs to provide Lifeline services;¹⁷
- (d) an approved FCC compliance plan for the Lifeline Program;
- (e) 19 state ETC designations for the Lifeline Program;
- (f) 19 state wireless registrations; and
- (g) domestic and international "section 214" authorizations given by the FCC, which all telecommunication carriers need to provide interstate and international service.
- (h) California E-Commerce Enrollment approval

¹⁷ TAG Mobile's application for designation as a Lifeline ETC in the "federal default states" is pending with the FCC.

- On May 8, 2020, the Bankruptcy Court entered an *Order Granting the Chapter 11 Trustee's Motion to (A) Approve Transfer of Assets from Debtor to Debtor's Subsidiary Free and Clear of Liens, Claims, Encumbrances, and Other Interests; and (B) to Approve Sale of Debtor's Membership Interest in the Debtor's Subsidiary and Certain Other Assets to Buyer Free and Clear of All Liens, Claims, Encumbrances, and Other Interests* (the "Sale Order"). A copy of the Sale Order is attached hereto as **Exhibit D**.
- Pursuant to the terms of the Membership Interest Purchase Agreement ("Agreement") dated April 29, 2020, between the Trustee, solely in his capacity as the Chapter 11 trustee of TAG Mobile ("Seller"), and Vector or its designee ("Buyer"), Vector will acquire one hundred percent (100%) of the membership interests of New TAG Mobile. The Agreement is an attachment to the Sale Order and is provided here as **Exhibit E**. The terms of the Agreement require the Transaction to be consummated by May 8, 2021.

The Joint Applicants attach, as **Exhibit F**, a chart showing the pre-Transaction and post-Transaction corporate structures. Pre-close, the following individuals or entities hold a ten percent (10%) or greater interest in New TAG Mobile:

Name: TAG Mobile, LLC
Business Address: 701 E. Plano Parkway, Suite 408, Plano, Texas 75074
Citizenship: United States Company
Principal business: Telecommunications
Percent Ownership Interest in TAG Bankruptcy Entity: 100%

Name: Limelight Capital, LLC
Business Address: 701 E. Plano Parkway, Suite 408, Plano, Texas 75074
Citizenship: United States Company
Principal business: Holding Company
Percent Ownership Interest in TAG Mobile: 100%

Name: Ed and Lubna Lateef
Business Address: 701 E. Plano Parkway, Suite 408, Plano, Texas 75074
Citizenship: United States Citizens
Principal business: Telecommunications
Percent Ownership Interest in Limelight Capital, LLC: 100%

Post-close, the following individuals or entities will hold a ten percent (10%) or greater interest in New TAG Mobile:

Name: Vector Holdings Group LLC
Business Address: 200 S. Andrews Avenue, Suite 600
Fort Lauderdale, Florida 33301
Citizenship: United States Company
Principal business: Holding Company
Percent Ownership Interest in New TAG Mobile: 100%

Name: Quadrant Holdings Group LLC
Business Address: 499 East Sheridan Street, Suite 400
Dania Beach, Florida 33004
Citizenship: United States Company
Principal business: Holding Company
Percent Ownership Interest in Vector: 100%

Name: Issa Adnan Asad
Business Address: 499 East Sheridan Street, Suite 400
Dania Beach, Florida 33004
Citizenship: United States Citizen
Principal business: Telecommunications
Percent Ownership Interest in Quadrant: 100%

Thus, the net effect of the Transaction is a straightforward transfer of control of the TAG Assets, conveyed in New TAG Mobile, to Vector. New TAG Mobile has not finalized its plans regarding the brand name under which it will operate; however, it will have the option to operate as TAG Mobile going forward. In the event that it does not operate under the TAG Mobile name, it will make all filings necessary to effectuate the new name/brand and will issue any required notices to the Commission and to acquired TAG Mobile customers. More importantly, the customers of TAG Mobile at closing will receive improved service offerings with more included voice and data than they do today, and with options for Internet-enabled tablets and hotspots to provide Internet access to the entire household. These improved offerings during the current COVID-19 environment are critical for low-income households to participate in the workforce, distance learning, telehealth and other daily applications. Consequently, the Transaction will not result in the loss or impairment of critical mobile voice and broadband service for any current

TAG Mobile Lifeline customer and should be granted on an expedited basis to bring these benefits to TAG Mobile customers as soon as possible.

VI. Management Capabilities and Expertise

The Transaction will serve the public interest by making the managerial, technical, and financial resources of Vector and Quadrant available to New TAG Mobile. Vector has full access to its parent and affiliates' capabilities and business expertise, particularly with respect to regulatory compliance and marketing in the low-income consumer sector, including the federal Lifeline program. These new resources will ensure that TAG Mobile's current Lifeline subscribers in California and eighteen other states are able to continue to receive high-quality wireless Lifeline services. Indeed, these Lifeline services are more essential than ever in the midst of the ongoing global pandemic. The Transaction will enable New TAG Mobile not only to continue current operations in California, but to achieve measurable growth in and broader reach throughout California, as it develops improved operating efficiencies necessary for New TAG Mobile to thrive.

Vector's parent company, Quadrant, is a mature profitable company with a strong balance sheet and no debt, evidencing its financial and managerial qualifications. Further, Quadrant has extensive experience in the telecommunications industry. Further, Quadrant is a mature profitable company with a strong balance sheet and no debt, evidencing its financial and managerial qualifications. Quadrant is the owner of Q Link, a wholly owned subsidiary, which is one of the country's leading providers of Lifeline services, and also owns Hello Mobile, a growing prepaid wireless telecommunications service provider formerly known as Q Link Mobile. Q Link is designated as an ETC in 32 states and territories, including Puerto Rico and the U.S. Virgin Islands,¹⁸ Q Link is the third largest Lifeline provider in the United States, the largest Lifeline provider in 23 states and the second largest provider in five states. Q Link is likely the largest

¹⁸ Q Link is an approved ETC in Arizona, Arkansas, Colorado, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nevada, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Vermont, Washington, West Virginia, and Wisconsin as well as Puerto Rico and the U.S. Virgin Islands.

Lifeline provider to rural America, a consumer group often not reached by other Lifeline providers. Q Link uses a unique and proven online advertising and enrollment process which enables the company to focus on non-urban/rural subscribers and does not require the applicant density typically necessary to support in-person enrollment. Q Link is also committed to offer a superior customer experience that seeks active consumer engagement; this approach yields reduced customer turnover or “churn.” As of August 28, 2020, Quadrant’s subsidiaries serve 1,990,567 wireless customers nationwide, with 65 percent of its subscribers located in non-urban areas. Q Link’s Lifeline customers have a geographic distribution that is about the same with 66 percent of its Lifeline subscribers located in non-urban/ rural areas.

VII. The Commission’s Approval of the Transaction Will Result in Significant Public Interest Benefits for Californians

Approval of Vector’s request to acquire the New TAG Mobile operations in California will bring a number of public interest benefits to the State. Key among these are:

A. Enhanced Competition in the California Lifeline Market

First, approving the Transaction will sustain and enhance competition in the California Lifeline market by preserving and revitalizing the TAG Mobile operation as a viable Lifeline competitor. Moreover, with the added financial, technical and other resources available through Vector and Quadrant, New TAG Mobile will be better positioned to enhance the competitive caliber and extend the distribution of its Lifeline offerings in both rural and urban areas. Vector is excited at the prospect of competing across California.

B. Financial Stability for the TAG Mobile Lifeline Operations in California

Approval of the Transaction will ensure that New TAG Mobile has access to the necessary financial support for uninterrupted continuity of Lifeline services to TAG Mobile’s current California customers. Amidst the unprecedented pandemic which continues to threaten the health and even the survival of Californians, this continuity of service has never been more critical.

C. Superior Lifeline Offerings for California Consumers

If the Transaction is approved, Vector pledges that New TAG Mobile will provide superior Lifeline offers to California low-income customers. As noted before, Vector proposes to offer eligible consumers a choice of three plans:

(1) an “Unlimited Smartphone Plan” which includes unlimited voice, unlimited text, unlimited picture messaging and unlimited smartphone data, plus a free smartphone with a five inch or larger screen;

(2) a “Homework Gap Plan” which includes unlimited voice, unlimited text, unlimited picture messaging and 10 GB data for use with a tablet or hotspot, plus a free tablet with a nine inch or larger screen or hotspot;¹⁹ or

(3) an “Unbundled Voice Plan” which includes unlimited voice, unlimited text and unlimited picture messaging, plus a free smartphone.²⁰

Each plan will include free calls to Mexico, Canada, China, Korea and roughly 60 other countries (approximately 35 include landline recipients only), as well as unlimited SMS and MMS (picture messaging) domestically and to Mexico and Canada. Recognizing the profound and often devastating impacts of the COVID-19 emergency, economic crisis, recurring natural disasters such as wildfires, and rolling blackouts in California, Vector is stepping up to the plate to support New TAG Mobile to bring more choice to the California Lifeline landscape and to respond to the urgent broadband needs of low-income consumers. As the Commission has recognized, consumers urgently need data for their K-college children to engage in distance learning, and for the adults to telework, participate in telehealth, and use other data intensive applications such as video conferencing during the continuing shelter-in-place orders and limited stages of reopening.

¹⁹ Voice and text can be accessed by placing the included device SIM into a mobile phone.

²⁰ Consistent with California LifeLine program requirements, New TAG Mobile also will offer a plan with unlimited voice minutes and texts that is not bundled with data or video.

D. Voluntary Contribution of Devices to California School Districts for School Children Who Lack Devices for Distance Learning

Vector has taken note that the Governor's Office has announced new cross-sector partnerships to support distance learning and to bridge the Digital Divide in the state during the COVID-19 emergency. The CDE, the Commission and various private businesses, government agencies, and philanthropists have teamed up to bring disadvantaged California students access to distance learning, by providing discounted broadband to school districts and 70,000 devices for use by students who currently lack Internet and Internet-enabled devices at home.²¹ Further, Tony Thurmond, the Superintendent of Public Instruction, has stated that 600,000 Internet-enabled devices are needed for California students who lack such devices at home.²² As a condition of approval of this Transaction as a public interest benefit, Vector is prepared to donate 1,000 Internet-enabled tablets to the CDE, to provide to the California school districts with families in need of such devices for students to engage in distance learning.

E. Additional Voluntary Public Interest Commitments

As an investment in the welfare of California residents and to further assure the Commission regarding the commitment of Vector to New TAG Mobile's successful continuation of, and improvement upon, TAG Mobile's Lifeline operations, Vector proposes that following the consummation of the Transaction, Vector and New TAG Mobile will take the following steps:

- invest \$1,000,000 annually, for at least three years, in online and community-based marketing to communities of color, disadvantaged, and rural communities.²³ Adding online and retail store-based kiosk distribution to TAG Mobile's current in-person model

²¹ <https://www.gov.ca.gov/2020/04/20/governor-newsom-announces-cross-sector-partnerships-to-support-distance-learning-and-bridge-the-digital-divide/>

²² <https://edsource.org/2020/california-needs-500-million-to-buy-enough-computers-internet-connections-for-all-students/632405#:~:text=Thurmond%20called%20on%20companies%2C%20foundations,response%20to%20the%20coronavirus%20pandemic.>

²³ TAG Mobile is not currently authorized by the CPUC to serve Tribal areas. Post close, it is anticipated that New TAG Mobile would seek authority from the CPUC to offer California LifeLine and enhanced federal Lifeline service to residents of Tribal lands in California.

will allow for broader outreach with the ability to successfully enroll more people, especially those outside of urban centers. Amidst the pandemic-driven constraints on direct contacts, an online distribution strategy will prove invaluable.²⁴

- enroll at least 100,000 new subscribers annually over the initial three years of operations.
- establish a separate bond in the amount of \$1,000,000, providing 40 times the protections available through the standard \$25,000 wireless carrier bond required by the Commission's rules.
- participate in quarterly performance review meetings with Commission Communications Division Staff to ensure continuing delivery upon these commitments, apprise the Staff regarding operational progress on a more frequent basis and maintain effective channels of communication between Staff and New TAG Mobile.

VIII. Under Vector's Ownership, New TAG Mobile Will Comply With all Requirements to Operate in California as a Wireless Carrier and as an Eligible Telecommunications Carrier

A. Wireless Identity Registration

Upon consummation of the proposed Transaction, New TAG Mobile is expected to hold the wireless registration ("WIR") currently held by TAG Mobile.²⁵ Consistent with the Commission's review of a registrant's credentials for such authority, appended as **Exhibit G** is a completed WIR form, providing responses on behalf of New TAG Mobile.

²⁴ While many low-income consumers lack Internet access at home, these same consumers are often able to access the Internet at work, at or near retail establishments with Wi-Fi, and at community access points like libraries and community centers.

²⁵ The Commission's materials, including D.1305035, refer to transfer of wireless registrations; however, Vector and New TAG Mobile defer to the Commission's preference for the procedural approach to be applied here, as between transfer of the TAG Mobile WIR or issuance of a new WIR to New TAG Mobile.

B. Wireless Eligible Telecommunications Carrier Designation

A central purpose of the proposed Transaction is to ensure that the current TAG Mobile Lifeline operations can be continued without disruption to customers during this challenging pandemic time. Vector is similarly committed to improving the caliber of offerings and service provided to current TAG Mobile Lifeline customers and other eligible California consumers. Under the ownership of Vector, New TAG Mobile will have the resources, the expertise and the commitment to ensure both continuity of current services and the substantial growth of the TAG Mobile Lifeline operation to the benefit of California consumers. The need for Lifeline services in California has always been substantial; however, it has never been greater than it is today, as the state's residents face an evolving pandemic crisis, with accompanying rises in temporary and sustained unemployment. And while COVID-19 has dominated the headlines in these past few months, California residents continue to confront wildfires, Public Safety Power Shutoffs, rolling black outs, and other natural disasters that underscore the need for all to have reliable access to affordable mobile voice, text and broadband services.

The management of Vector and the TAG Mobile personnel that will transition to New TAG Mobile have the financial, technical and operational expertise and resources to implement the Transaction and to deliver on the commitments made in this filing. Moreover, they have the specific experience with Lifeline operations that is essential to succeed in this endeavor. In support of this application, Vector and New TAG Mobile provide, as **Exhibit H**, a complete discussion of their qualifications and commitments with respect to Lifeline operations in California.

C. New TAG Mobile Will Comply with the Commission's State of Emergency Public Safety Requirements.

Following consummation of the Transaction, New TAG Mobile will comply with the Commission's requirements for state-of-emergency customer protections as adopted in Decision 19-08-025. Specifically, New TAG Mobile will submit an advice letter outlining its commitments to provide the required protections (and any additional customer accommodations) during declared states of emergency.

IX. Commission’s Jurisdiction Maintained

The Commission will retain the same regulatory authority, post-close, over the TAG Mobile Lifeline operations that it currently possesses, through its post-close jurisdiction over New TAG Mobile. Thus, the Commission’s ability to monitor and regulate these critical Lifeline operations and the ETC’s associated regulatory obligations (*e.g.*, reporting, user fees, surcharges, *etc.*) will remain unchanged. Moreover, New TAG Mobile voluntarily commits to the conditioning of approval of the Transaction on participation in quarterly performance review meetings with Commission Staff to ensure continuing delivery upon its commitments and effective oversight of its California LifeLine operations.

X. CEQA Compliance

The California Environmental Quality Act (“CEQA”) applies only to “projects which are defined as “activity which may cause either a direct physical change in the environmental, or a reasonably foreseeable indirect physical change in the environment.”²⁶ CEQA does not apply where the “activity will not result in a direct or reasonably foreseeable indirect physical change in the environment.”²⁷ The CEQA Guidelines provide for an exemption “[w]hen it can be seen with certainty that there is no possibility that the proposed activity in question may have a significant effect on the environment.”²⁸

In the past, the Commission has found that a proposed transaction which is simply a transfer of equity interests – *i.e.*, a “paper transaction” – does not require CEQA review because, in these circumstances, there is no possibility that granting the application would have an adverse effect on the environment.²⁹ In this proceeding, the proposed Transaction is not a request to construct or

²⁶ See Cal. Pub. Res. Code Section 21065.

²⁷ CEQA Guidelines, Section 15060(c)(2).

²⁸ CEQA Guidelines, at Section 15061(b)(3).

²⁹ See, *e.g.*, D.19-12-045, Decision Authorizing the Transfer of Indirect Control of Fusion Connect, Inc. to Telecom Holdings, (“This application proposes no new construction. Accordingly, there is no possibility that the transaction described herein may have any significant impact on the environment.”); D.17-09-030, Decision Granting Transfer of Control to Olympus Holdings II LLC.

transfer any physical facilities, but rather a request for a change of control of an operating company. The proposed Transaction is the kind that reasonably can be expected to have no adverse impact on the environment. Accordingly, pursuant to Rule 2.4 of the Commission's Rules, Joint Applicants submit, and request that the Commission conclude, that the Transaction is exempt from CEQA pursuant to § 15061(b)(3) of the CEQA guidelines and that the Commission does not need to perform any further environmental review before granting approval.

XI. Additional Information

A. Customer Notification

Upon consummation of the Transaction, New TAG Mobile will continue the TAG Mobile operations without interruption. When commercial transactions of this sort have no direct impact on customers, notice of behind-the-scenes corporate changes can be simply confusing. After close of the Transaction, however, TAG Mobile's customers will begin to receive improved service offerings with additional included voice options and broadband, subject to updated terms and conditions.³⁰ Consequently, Vector and New TAG Mobile propose to issue customer notices via text in connection with these changes. Moreover, plans have not yet been finalized regarding whether New TAG Mobile will operate under the TAG Mobile name. In the event that it does not operate under the TAG Mobile name, New TAG Mobile will issue appropriate notices to acquired TAG Mobile customers.

B. Verifications and Certifications

The verification for TAG Mobile and the verification and certification on behalf of Vector and New TAG Mobile (post-close) are contained, respectively, in **Exhibit I** and **Exhibit J**. See D.13-05-035.

³⁰ Any subsequent changes to plan offerings and associated rates, terms and conditions will be implemented in compliance with the Commission's requirements.

XII. Request for Expedited Review Due to Bankruptcy Sale Order and Membership Interest Purchase Agreement Deadlines and Rule 2.1(c) Schedule

The Joint Applicants respectfully request expedited review so that this Transaction can be approved by no later than mid-March 2021 in order to meet the deadline in the Agreement which requires the Transaction to close by May 8, 2021. It will not serve the interests of the current customers of TAG Mobile to have the Transaction fail as that would subject TAG Mobile and its customers to another lengthy period of increasing uncertainty. Even outside of a global pandemic, the loss of Lifeline services due to a provider's bankruptcy is not in the public interest. Vector stands ready to commit the resources necessary to ensure continuity of service to TAG Mobile customers, in addition to providing a number of substantial additional public interest benefits to the state as outlined above in Section VII.

In connection with their request for expedited review, Joint Applicants propose the following schedule:

Application Filing Date	September 28, 2020
Protests and Other Responses to Application Due	30 days after Notice in the Daily Calendar
Replies to Protests, if any	10 days after protests, if any
Prehearing Conference	60 days after Application filing date
Issuance of Scoping Memo	14 days after Prehearing Conference
Issuance of Proposed Decision	120 days after Application filing date
Commission Final Decision	150 days after Application Filing date

XIII. Procedural Requirements

A. Rule 2.1 (c) Categorization and Determination for the Need for Hearing

Joint Applicants propose that the proceeding be categorized as ratesetting. Evidentiary hearings are unnecessary, there are no relevant safety considerations and the information contained herein should enable the Commission to complete its review of the proposed Transaction under D.95-1-032 and applicable Lifeline program guidelines.

B. Rule 2.1 (c) Determination of Issues to Be Considered

The issues raised by this Joint Application are:

(1) Whether the Commission requires any further information regarding the Transaction in order to approve it in a timely manner consistent with the Bankruptcy Court agreement deadlines; and

(2) Whether the Transaction serves the public interest by enabling Vector to acquire New TAG Mobile in order to ensure continued service to TAG Mobile Lifeline customers and new customers throughout California; to provide new industry-leading Lifeline offerings necessary to meet consumer needs during the continuing pandemic and beyond; and to contribute materially to the State's efforts to provide broadband access to students who lack such devices for purposes of distance learning and families that require broadband services to facilitate telework, job searches, telehealth and health information, access to government agencies for public safety information and social service benefits, and for myriad other essential purposes.

C. Compliance with Procedural Requirements

This section cross-references compliance with the Rules applicable to this Application:

Rule	Requirement	Section	Exhibit(s)
2.1(a)	Legal Name and Address	II, III	N/A
2.1(b)	Persons to Receive Notice	III	N/A
2.1(c)	Categorization/Hearing/Proposed Schedule	XII	N/A
2.2	Formation Agreements and Qualifications to Transact Business	IV	A
2.3 and 3.6	Financial Statements	IV	B
2.4	CEQA Compliance	X	N/A
2.5	Fees for Recovery of EIR Costs	N/A	N/A
2.1 and D.13-05-035, ¶ 18	TAG Mobile Verification	XI.B.	I
2.1 and D.13-05-035, ¶14	Vector and post-close New TAG Mobile Verification/Certification	XI.B	J

In addition, the Joint Applicants have submitted the following information to facilitate the review of the Joint Application:

	Joint Application Section(s)	Exhibit(s)
Character of Business	II, V	
Reasons for Transaction	V, VII	
Terms of Transaction	V	D, E
Transaction Documents	V	D, E
Financial Statements	IV	B

XIV. Conclusion

For the reasons stated above, Joint Applicants respectfully request that the Commission complete its review of the Transaction on an expedited basis due to the deadline in the Agreement which requires the Transaction to close by May 8, 2021.

Respectfully submitted,

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September 25, 2020

EXHIBITS INDEX

Exhibit A	Certificates of Formation for the TAG Mobile Entities and for Vector; Certificate of Good Standing for New TAG Mobile (California) and Vector (Delaware)
Exhibit B	Financial Statements - <u>Confidential</u>
Exhibit C	Management Team Information for Vector and New TAG Mobile (post-close)
Exhibit D	<i>Order Granting the Chapter 11 Trustee's Motion to (A) Approve Transfer of Assets from Debtor to Debtor's Subsidiary Free and Clear of Liens, Claims, Encumbrances, and Other Interests; and (B) to Approve Sale of Debtor's Membership Interest in the Debtor's Subsidiary and Certain Other Assets to Buyer Free and Clear of All Liens, Claims, Encumbrances, and Other Interests (the "<u>Sale Order</u>")</i>
Exhibit E	Membership Interest Purchase Agreement dated April 29, 2020, by and among Robert Yaquinto, Jr. (the " <u>Trustee</u> "), solely in his capacity as the Chapter 11 trustee of TAG Mobile (" <u>Seller</u> "), and Vector or its designee (" <u>Buyer</u> "), in which Vector agreed to purchase one hundred percent (100%) of the membership interests of TAG Bankruptcy Entity (the "Agreement")
Exhibit F	Pre- and Post- Close Corporate Organization Charts Depicting Transaction
Exhibit G	Wireless Identification Registration (WIR) Form
Exhibit H	Demonstration of ETC Designation Credentials and Commitments
Exhibit I	TAG Mobile Verification
Exhibit J	Vector Verification/Certification (for New TAG Mobile as well)